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My name is John Frelich; I live at 14117 W. Sky Hawk Dr. in Sun City West.

Having worked on the rate increase for several months, I will only address one issue although there are many and that is American Water's perverse system of extracting guaranteed money for bonuses as part of the rate increase. Everyone is aware of the perverse system of guaranteed bonuses paid to AIG Executives by taxpayers. This is as perverse if not more so. It guarantees the extraction of funds to be paid somewhere off the backs of persons who are almost all on fixed incomes.

It's opposite capitalistic values where hard work, the creation of efficiencies in operations and/or economies of scale become the basis for reward. Per American Water's own policies there is no guarantee that all bonuses will be paid at the local level yet funds are guaranteed to be extracted. Each bonus appears to be a composite of four factors and nothing speaks to what happens to the money if limited or no bonuses are paid.

Further a bonus may be paid on the basis of a 30% failure rate to obtain a set level of income provided by the company. If the 70% level of income is not obtained no bonuses will be paid but the money is extracted. This is a "cakewalk community" since it is built up and would have an extremely low rate of default.

American Water seeks \$90,971 annually or almost 10% of its Management Fee for guaranteed bonuses for someone. RUCO cut them to \$78,736 which American Water accepted with a "Cheshire grin" no doubt.

The IL Attorney General had the guts to say, Hell No, to this guarantee process as we would like you to do. If that can't happen, anything not locally awarded on a justified basis, should go into a fund to assist low income seniors in need of financial assistance.

Are you going to further support the AIG way of business proposed by American Water or will you support your constituents?

Arizona Corporation Commission

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